

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
APR 6 11 48 AM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS TOLLEY TO INTERROGATORIES OF
AMAZON.COM
(AMZ/USPS-T6-1 - 3)

The United States Postal Service hereby provides the response of witness Tolley to the following interrogatories of the Amazon.com: AMZ/USPS-T6-1 - 3, filed on March 23, 2000.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992 Fax -5402
April 6, 2000

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO AMAZON.COM INTERROGATORIES**

AMZ/USPS-T6-1.

- a. Please confirm that in Docket No. R97-1, TYAR 1998 Standard B Parcel Post volume was estimated to be 231.879 million pieces (USPS-T-6, Docket No. R97-1) while the actual 1998 Parcel Post (Inter-BMC, Intra-BMC and DBMC) volume was 319.991 million (USPS-T-6, Docket No. R2000-1, p. 154, Chart 4, 1998 data). If you do not confirm, please provide the correct volumes.
- b. To what do you attribute the additional 38 percent volume that occurred?
- c. Have any changes been made in your volume projection methodology as a result? If so, please describe these changes.

RESPONSE:

- a. Confirmed.
- b. The two numbers cited in your question are not comparable for three reasons.

First, R97-1 rates were not implemented until January 10, 1999. Hence, a more meaningful comparison would be between the R97-1 Test Year Before-Rates volume forecast and actual volume in 1998. The Test Year Before-Rates volume forecast of Standard B Parcel Post volume in R97-1 was 241.555 million pieces (USPS-LR-H-295, Attachment B, page 2).

Second, the Test Year for Docket No. R97-1 was Government Fiscal Year 1998, which ran from October 1, 1997 through September 30, 1998. The actual 1998 Parcel Post volume cited in your question is for Postal Fiscal Year 1998, which ran from September 13, 1997 through September 11, 1998. The before-rates volume forecast of Standard B Parcel Post mail for Postal Fiscal Year 1998 in R97-1 was equal to 240.087.

Finally, and most importantly, the Parcel Post volume data which was used as the base volume in making the R97-1 volume forecast was restated by the Postal Service as a result of a change in the methodology for counting parcel post volume in the RPW system. The actual 1998 Parcel Post volume reported in my testimony uses

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO AMAZON.COM INTERROGATORIES**

the restated data.

It may be noted that in Docket No. R97-1, the base volume used to forecast parcel post volume was 220.034 million pieces in the last two quarters of 1996 and the first two quarters of 1997. The restated Parcel Post volume for this time period was equal to 275.024 million pieces (see USPS-T-7, Workpaper 1, Table 1-10, page 16, column headed "GVOL25"). If the R97-1 forecast were updated to use this new base volume, but without changing any of the other forecasting parameters, the before-rates volume forecast of Standard B Parcel Post mail for Postal Fiscal Year 1998 in R97-1 would have been equal to 313.406. This differs from the actual volume presented in my testimony by 2.1 percent.

c. All of the work presented in this case by me and my colleague, Mr. Thress (USPS-T-7), uses the restated parcel post volume data.

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO AMAZON.COM INTERROGATORIES**

AMZ/USPS-T6-2. Please refer to page 154 of your testimony, Chart H. Is FY 1999 DDU and DSCF destination entry Parcel Post included in the Chart H data? If so, where is it reported?

RESPONSE:

Yes. The final column should be identified as "Destination Entry" rather than "DBMC" as this column includes DSCF and DDU volumes for 1999.

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO AMAZON.COM INTERROGATORIES**

AMZ/USPS-T6-3.

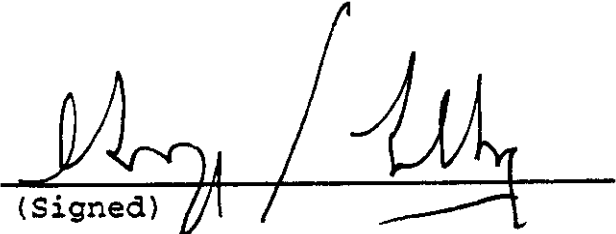
- a. Please refer to Attachment A of your testimony. Does "Destination Entry" within Parcel Post consist of DBMC, DSCF and DUU Parcel Post? If not, please identify all of the constituent elements of "Destination Entry" Parcel Post.
- b. Please provide DBMC, DSCF, and DUU Parcel Post estimated volumes following the format of Attachment A.

RESPONSE:

- a. Yes.
- b. I did not make separate forecasts of DBMC, DSCF, and DDU Parcel Post volumes.

DECLARATION

I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

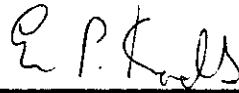

(Signed)

4-4-00

(Date)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992 Fax -5402
April 6, 2000